

AMENDED IN SENATE MAY 12, 2004

AMENDED IN SENATE APRIL 26, 2004

SENATE BILL

No. 1495

Introduced by Senators Machado and Karnette

February 19, 2004

An act to add Section 758.7 to the Insurance Code, relating to insurance fees.

LEGISLATIVE COUNSEL'S DIGEST

SB 1495, as amended, Machado. Insurance: fees: fraud.

Existing law generally regulates insurance institutions, agents, and brokers. Existing law prohibits insurers from engaging in certain practices.

This bill would require an insurer, after notice, to reimburse any fees *and extra premium* charged to an insured due to a late premium payment or a lapse in coverage under the policy if the late payment or lapse in coverage was the result of fraud committed by a licensed agent or broker and if specified events related to criminal or administrative charges against the agent or broker have occurred.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 758.7 is added to the Insurance Code, to
2 read:
3 758.7. An insurer , upon receiving notice from an insured,
4 shall reimburse any fees *and extra premium* charged to an insured

- 1 due to a late premium payment or a lapse in coverage under the
2 policy if the late payment or lapse in coverage was the result of
3 fraud committed by an agent or broker licensed pursuant to this
4 code and one of the following has occurred:
- 5 (a) The agent or broker has been convicted of fraudulent
6 activity in court.
 - 7 (b) An administrative penalty has been imposed on the agent or
8 broker for fraudulent activity.
 - 9 (c) The agent or broker has been charged with fraud in court or
10 in an administrative action and has agreed to plead guilty to a lesser
11 charge for the fraudulent activity of which he or she is accused.

